
HOUSE BILL No. 1896

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10-8.

Synopsis: Benefits for part-time state employees. Extends participation in state provided group health insurance programs to state employees who hold part-time appointments, as defined by the state personnel department, to either merit or nonmerit positions.

Effective: July 1, 2001.

Day

January 17, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1896

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10-8-1, AS AMENDED BY P.L.50-2000,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2001]: Sec. 1. The following definitions apply in this chapter:

4 (1) "Employee" means:

5 (A) an elected or appointed officer or official, or a full-time
6 employee;

7 (B) if the individual is employed by a school corporation, a
8 full-time or part-time employee;

9 (C) for a local unit public employer, a full-time or part-time
10 employee or a person who provides personal services to the
11 unit under contract during the contract period; ~~or~~

12 (D) a senior judge appointed under IC 33-2-1-8; ~~or~~

13 (E) **for an individual employed by the state, a full-time**
14 **employee, or, as used in section 7 of this chapter only for**
15 **purposes of providing a group health insurance plan, an**
16 **employee who holds a part-time appointment, as defined**
17 **by the state personnel department, to either a merit or**



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nonmerit position;

whose services have continued without interruption at least thirty (30) days.

(2) "Group insurance" means any of the kinds of insurance fulfilling the definitions and requirements of group insurance contained in IC 27-1.

(3) "Insurance" means insurance upon or in relation to human life in all its forms, including life insurance, health insurance, disability insurance, accident insurance, hospitalization insurance, surgery insurance, medical insurance, and supplemental medical insurance.

(4) "Local unit" includes a city, town, county, township, public library, or school corporation.

(5) "New traditional plan" means a self-insurance program established under section ~~7(b)~~ 7(c) of this chapter to provide health care coverage.

(6) "Public employer" means the state or a local unit, including any board, commission, department, division, authority, institution, establishment, facility, or governmental unit under the supervision of either, having a payroll in relation to persons it immediately employs, even if it is not a separate taxing unit.

(7) "Public employer" does not include a state educational institution (as defined under IC 20-12-0.5-1).

(8) "Retired employee" means:

(A) in the case of a public employer that participates in the public employees' retirement fund, a former employee who qualifies for a benefit under IC 5-10.3-8;

(B) in the case of a public employer that participates in the teachers' retirement fund under IC 21-6.1, a former employee who qualifies for a benefit under IC 21-6.1-5; and

(C) in the case of any other public employer, a former employee who meets the requirements established by the public employer for participation in a group insurance plan for retired employees.

(9) "Retirement date" means the date that the employee has chosen to receive retirement benefits from the employees' retirement fund.

SECTION 2. IC 5-10-8-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3.1. (a) A public employer that contracts for a group insurance plan or establishes a self-insurance plan for its employees may withhold or cause to be withheld from participating employees' salaries or wages whatever part

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of the cost of the plan the employees are required to pay. The chief fiscal officer responsible for issuing paychecks or warrants to the employees shall make deductions from the individual employees' paychecks or warrants to pay the premiums for the insurance. Except as provided by section ~~7(d)~~ 7(e) of this chapter, the fiscal officer shall require written authorization from state employees, and may require written authorization from local employees, to make the deductions. One (1) authorization signed by an employee is sufficient authorization for the fiscal officer to continue to make deductions for this purpose until revoked in writing by the employee.

(b) A public employer that contracts for a group insurance plan or establishes a self-insurance plan for its retired employees may require that the retired employees pay any part of the cost of the plan that is not paid by the public employer. A retired employee may assign part or all of the retired employee's benefit payable under IC 5-10.3-8, IC 21-6.1-5, or any other retirement program for this required payment.

SECTION 3. IC 5-10-8-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 7. (a) **For purposes of providing a group health insurance plan under this section, "employee" includes an employee who holds a part-time appointment, as defined by the state personnel department, to either a merit or nonmerit position.**

(b) The state, excluding state educational institutions (as defined by IC 20-12-0.5-1), may not purchase or maintain a policy of group insurance, except life insurance or long term care insurance under a long term care insurance policy (as defined in IC 27-8-12-5), for its employees.

~~(b)~~ (c) With the consent of the governor, the state personnel department may establish self-insurance programs to provide group insurance other than life or long term care insurance for state employees and retired state employees. The state personnel department may contract with a private agency, business firm, limited liability company, or corporation for administrative services. A commission may not be paid for the placement of the contract. The department may require, as part of a contract for administrative services, that the provider of the administrative services offer to an employee terminating state employment the option to purchase, without evidence of insurability, an individual policy of insurance.

~~(c)~~ (d) Notwithstanding subsection ~~(a)~~, (b), with the consent of the governor, the state personnel department may contract for health services for state employees through one (1) or more prepaid health care delivery plans.



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(d) (e) The state personnel department shall adopt rules under IC 4-22-2 to establish long term and short term disability plans for state employees (except employees who hold elected offices (as defined by IC 3-5-2-17)). The plans adopted under this subsection may include any provisions the department considers necessary and proper and must:

- (1) require participation in the plan by employees with six (6) months of continuous, full-time service;
- (2) require an employee to make a contribution to the plan in the form of a payroll deduction;
- (3) require that an employee's benefits under the short term disability plan be subject to a thirty (30) day elimination period and that benefits under the long term plan be subject to a six (6) month elimination period;
- (4) prohibit the termination of an employee who is eligible for benefits under the plan;
- (5) provide, after a seven (7) day elimination period, eighty percent (80%) of base biweekly wages for an employee disabled by injuries resulting from tortious acts, as distinguished from passive negligence, that occur within the employee's scope of state employment;
- (6) provide that an employee's benefits under the plan may be reduced, dollar for dollar, if the employee derives income from:
 - (A) Social Security;
 - (B) the public employees' retirement fund;
 - (C) the Indiana state teachers' retirement fund;
 - (D) pension disability;
 - (E) worker's compensation;
 - (F) benefits provided from another employer's group plan; or
 - (G) remuneration for employment entered into after the disability was incurred.

(The department of state revenue and the department of workforce development shall cooperate with the state personnel department to confirm that an employee has disclosed complete and accurate information necessary to administer subdivision (6).)

(7) provide that an employee will not receive benefits under the plan for a disability resulting from causes specified in the rules; and

(8) provide that, if an employee refuses to:

- (A) accept work assignments appropriate to the employee's medical condition;
- (B) submit information necessary for claim administration; or



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- 1 (C) submit to examinations by designated physicians;
 2 the employee forfeits benefits under the plan.
 3 ~~(e)~~ (f) This section does not affect insurance for retirees under
 4 IC 5-10.3 or IC 21-6.1.
 5 ~~(f)~~ (g) The state may pay part of the cost of self-insurance or prepaid
 6 health care delivery plans for its employees.
 7 ~~(g)~~ (h) A state agency may not provide any insurance benefits to its
 8 employees that are not generally available to other state employees,
 9 unless specifically authorized by law.
 10 ~~(h)~~ (i) The state may pay a part of the cost of group medical and life
 11 coverage for its employees.
 12 SECTION 4. IC 5-10-8-7.3, AS ADDED BY P.L.121-1999,
 13 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2001]: Sec. 7.3. (a) As used in this section, "covered
 15 individual" means an individual who is:
 16 (1) covered under a self-insurance program established under
 17 section ~~7(b)~~ 7(c) of this chapter to provide group health coverage;
 18 or
 19 (2) entitled to services under a contract with a prepaid health care
 20 delivery plan that is entered into or renewed under section ~~7(c)~~
 21 7(d) of this chapter.
 22 (b) As used in this section, "early intervention services" means
 23 services provided to a first steps child under IC 12-17-15-3 and 20
 24 U.S.C. 1432(4).
 25 (c) As used in this section, "first steps child" means an infant or
 26 toddler from birth through two (2) years of age who is enrolled in the
 27 Indiana first steps program and is a covered individual.
 28 (d) As used in this section, "first steps program" refers to the
 29 program established under IC 12-17-15 and 20 U.S.C. 1431 et seq. to
 30 meet the needs of:
 31 (1) children who are eligible for early intervention services; and
 32 (2) their families.
 33 The term includes the coordination of all available federal, state, local,
 34 and private resources available to provide early intervention services
 35 within Indiana.
 36 (e) As used in this section, "health benefits plan" means a:
 37 (1) self-insurance program established under section ~~7(b)~~ 7(c) of
 38 this chapter to provide group health coverage; or
 39 (2) contract with a prepaid health care delivery plan that is
 40 entered into or renewed under section ~~7(c)~~ 7(d) of this chapter.
 41 (f) A health benefits plan that provides coverage for early
 42 intervention services shall reimburse the first steps program for

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1 payments made by the program for early intervention services that are
2 covered under the health benefits plan.

3 (g) The reimbursement required under subsection (f) is limited to an
4 annual maximum benefit of three thousand five hundred dollars
5 (\$3,500) per first steps child.

6 (h) The reimbursement required under subsection (f) may not be
7 applied to any annual or aggregate lifetime limit on the first steps
8 child's coverage under the health benefits plan.

9 (i) The first steps program may pay required deductibles,
10 copayments, or other out-of-pocket expenses for a first steps child
11 directly to a provider. A health benefits plan shall apply any payments
12 made by the first steps program to the health benefits plan's
13 deductibles, copayments, or other out-of-pocket expenses according to
14 the terms and conditions of the health benefits plan.

15 SECTION 5. IC 5-10-8-7.5, AS ADDED BY P.L.170-1999,
16 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2001]: Sec. 7.5. (a) As used in this section, "covered
18 individual" means a male individual who is:

19 (1) covered under a self-insurance program established under
20 section ~~7(b)~~ **7(c)** of this chapter to provide group health coverage;
21 or

22 (2) entitled to services under a contract with a health maintenance
23 organization (as defined in IC 27-13-1-19) that is entered into or
24 renewed under section ~~7(c)~~ **7(d)** of this chapter.

25 (b) As used in this section, "prostate specific antigen test" means a
26 standard blood test performed to determine the level of prostate
27 specific antigen in the blood.

28 (c) A self-insurance program established under section ~~7(b)~~ **7(c)** of
29 this chapter to provide health care coverage must provide covered
30 individuals with coverage for prostate specific antigen testing.

31 (d) A contract with a health maintenance organization that is entered
32 into or renewed under section ~~7(c)~~ **7(d)** of this chapter must provide
33 covered individuals with prostate specific antigen screening.

34 (e) The coverage required under subsections (c) and (d) must
35 include the following:

36 (1) At least one (1) prostate specific antigen test annually for a
37 covered individual who is at least fifty (50) years of age.

38 (2) At least one (1) prostate specific antigen test annually for a
39 covered individual who is less than fifty (50) years of age and
40 who is at high risk for prostate cancer according to the most
41 recent published guidelines of the American Cancer Society.

42 (f) The coverage required under this section may not be subject to

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dollar limits, deductibles, copayments, or coinsurance provisions that are less favorable to covered individuals than the dollar limits, deductibles, copayments, or coinsurance provisions applying to physical illness generally under the self-insurance program or contract with a health maintenance organization.

(g) The coverage for prostate specific antigen screening shall be provided in addition to benefits specifically provided for x-rays, laboratory testing, or wellness examinations.

SECTION 6. IC 5-10-8-7.7, AS ADDED BY P.L.78-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 7.7. (a) As used in this section, "health care plan" means:

- (1) a self-insurance program established under section ~~7(b)~~ 7(c) of this chapter to provide group health coverage; or
- (2) a contract entered into under section ~~7(c)~~ 7(d) of this chapter to provide health services through a prepaid health care delivery plan.

(b) As used in this section, "health care provider" means a:

- (1) physician licensed under IC 25-22.5; or
- (2) hospital licensed under IC 16-21;

that provides health care services for surgical treatment of morbid obesity.

(c) As used in this section, "morbid obesity" means:

- (1) a weight of at least two (2) times the ideal weight for frame, age, height, and gender, as specified in the 1983 Metropolitan Life Insurance tables;
- (2) a body mass index of at least thirty-five (35) kilograms per meter squared, with comorbidity or coexisting medical conditions such as hypertension, cardiopulmonary conditions, sleep apnea, or diabetes; or
- (3) a body mass index of at least forty (40) kilograms per meter squared without comorbidity.

For purposes of this subsection, body mass index is equal to weight in kilograms divided by height in meters squared.

(d) The state shall provide coverage for nonexperimental, surgical treatment by a health care provider of morbid obesity:

- (1) that has persisted for at least five (5) years; and
- (2) for which nonsurgical treatment that is supervised by a physician has been unsuccessful for at least eighteen (18) consecutive months.

SECTION 7. IC 5-10-8-7.8, AS ADDED BY P.L.54-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2001]: Sec. 7.8. (a) As used in this section, "covered individual" means an individual who is:

- (1) covered under a self-insurance program established under section ~~7(b)~~ **7(c)** of this chapter to provide group health coverage; or
- (2) entitled to services under a contract with a health maintenance organization (as defined in IC 27-13-1-19) that is entered into or renewed under section ~~7(c)~~ **7(d)** of this chapter.

(b) A:

- (1) self-insurance program established under section ~~7(b)~~ **7(c)** of this chapter to provide health care coverage; or
 - (2) contract with a health maintenance organization that is entered into or renewed under section ~~7(c)~~ **7(d)** of this chapter;
- must provide coverage for colorectal cancer examinations and laboratory tests for cancer for any nonsymptomatic covered individual, in accordance with the current American Cancer Society guidelines.

(c) For a covered individual who is:

- (1) at least fifty (50) years of age; or
- (2) less than fifty (50) years of age and at high risk for colorectal cancer according to the most recent published guidelines of the American Cancer Society;

the coverage required under this section must meet the requirements set forth in subsection (d).

(d) A covered individual may not be required to pay an additional deductible or coinsurance for the colorectal cancer examination and laboratory testing benefit that is greater than an annual deductible or coinsurance established for similar benefits under a self-insurance program or contract with a health maintenance organization. If the program or contract does not cover a similar benefit, a deductible or coinsurance may not be set at a level that materially diminishes the value of the colorectal cancer examination and laboratory testing benefit required under this section.

SECTION 8. IC 5-10-8-10, AS ADDED BY P.L.91-1999, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. The state shall cover the examinations required under IC 16-41-17-2 under a:

- (1) self-insurance program established or maintained under section ~~7(b)~~ **7(c)** of this chapter to provide group health coverage; and
- (2) contract entered into or renewed under section ~~7(c)~~ **7(d)** of this chapter to provide health services through a prepaid health care delivery plan.

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